



Irish Life Weekly Investment Bulletin

The week that was – WEEK 31 2018 (ending 03/08/2018)

“Expect problems and eat them for breakfast.” – Alfred A. Montapert

Irish unemployment rate in July unchanged at 5.1% – Latest figures published by the CSO show the seasonally adjusted unemployment rate for July 2018 was 5.1% (5.2% for females, 5.0% for males and 11.7% for youth) and unchanged from 5.1% in June 2018 (the lowest since October 2007) and 6.8% in July 2017.

Eurozone headline inflation hits 2.1% y-o-y in July – The latest inflation report from Eurostat shows headline inflation unexpectedly rising to 2.1% in the year to July (2% in June) aided by higher energy prices. This compares to market expectations of 2%. The European Central Bank targeted rate is just below 2%.

Global stock market flat on the week – The MSCI AC World TR Index showed a 0.0% return from 27th July to 3rd August, as the U.S. considers raising the tariff rate on Chinese imports to 25% from 10% and the Bank of England raised interest rate by 0.25% to 0.75%. The Vix closed the week at 11.64, down from 13.03.

U.S. considers China tariff rate rise – The Trump administration upped the trade rhetoric when announcing that it was considering increasing the tariff rate on \$200 billion of Chinese exports to 25% from the previously mentioned 10% rate. China retaliated by announcing it will levy tariffs on \$60 billion of U.S. imports if the U.S. goes ahead.

U.S. jobs report for July disappoints but May and June revised upwards – The Labor Department reported that nonfarm payrolls increased by 157,000 in July (the lowest rise since March), below the 190,000 expected in a Reuters poll. However the May and June numbers were revised upwards by a combined 59,000.

UK interest rates hit highest level in 9 years – The Bank of England's Monetary Policy Committee voted unanimous to raise its policy rate to 0.75%, as expected and the highest rate level since March 2009. However Mark Carney, the BoE Governor, said they could reverse the increase in the event of a disorderly Brexit.

The Story of the week: An amateur treasure hunter, 45-year-old Pest control officer Jason Massey, used a metal detector to discover a rare gold Roman signet ring in a field in Somerset, believed to date from around 200 to 300 AD. The 1,800-year-old jewellery piece features an engraving of the Roman goddess of Victory, potentially making it one of the most significant archaeological finds. The ring is now in the hands of experts at the British Museum in London. Mr Massey and the landowner will share 50% of any profits from the ring once its value is determined by experts.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 03/08)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	4.3
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-3.5
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	2.1
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	1.7
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	7.4
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	13.2
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-1.0
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-3.7
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.7
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.9
German	1.9	0.5	0.6	0.2	0.4	0.4
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.8
Italy	4.1	2.1	1.6	1.8	2.0	2.9
Greece	8.2	9.6	7.9	7.1	4.1	3.9
Portugal	6.1	2.7	2.5	3.8	1.9	1.7
Spain	4.1	1.6	1.7	1.4	1.6	1.4
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.0
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.30
IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
Ireland	12.3	36.1	25.1	12.6	8.1%	4.6% (To end of Q2)
U.K.	10.7	17.8	13.1	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.4	11.2	12.1	7.8	7.1%	2.2% (To end of Q1)

*Past performance is not a reliable guide to future performance and may fall as well as rise.